

Importance-Performance Analysis: Helping Your Community Partners Walk Their Talk

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ABSTRACT

This manuscript presents both an operating philosophy and assessment tool for use at your university and with your community partners. Specifically, we advance a particular tool (Importance-Performance Analysis) and discuss its potential application in student service-learning projects (such as the projected outlined here). This effort may serve as a template for similar work at other academic institutions and with other partners.

INTRODUCTION

Business Schools accredited by AACSB International seek to continually improve their efforts while assessing outcomes against mission-driven criteria. So, student performance is assessed continuously and changes in the curricula and/or instructional methods are introduced based on this feedback. The level of scholarly output, both quality and quantity, are constantly monitored to ensure the faculty are keeping their research credentials current to ensure an up-to-date curriculum. Service contributions to our communities are assessed against the backdrop of the commitments made by the Business School in its mission statement.

Ultimately, an AACSB accreditation effort (for both initial accreditation and the successful maintenance thereof) is a function of mission fulfillment:

- Has this Business School fulfilled its mission?
- In the fulfillment of its mission, has the AACSB member satisfied the accreditation standards to achieve/maintain this important external quality indicator?

The maintenance of a Business School's accredited status could be viewed as, to use a catch-phrase ... "Walking the Talk." In essence, we have done what we said we would do. If you look around your community, you likely see lots of community partners (for-profits, not-for-profits, and governmental entities) that could benefit from a process similar to our AACSB evaluation.

The purpose of this manuscript is to advance both an operating philosophy and assessment tool you could use to enrich organizations in your community. Most universities, particularly state-supported institutions, seek to fulfill their public service responsibility to their community. One way a Business School can deliver on this expectation is to develop applied service-learning projects with its students. For instance, students developing business and/or marketing plans or students conducting marketing research gain an active learning experience (an important item for AACSB accredited schools) while concurrently providing a value-added service to community partners. We will advance a particular tool (Importance-Performance Analysis) and discuss its potential application in student service-learning projects. Next, we'll overview an example use of this tool at a state-supported university. Finally, we'll

provide you an Action Plan to help organize similar efforts and/or possibly replicate this effort with a community partner in your marketplace.

AN OVERVIEW OF IMPORTANCE – PERFORMANCE ANALYSIS

In general, there is compelling evidence that studies which focus on the assessment of outcomes may suffer from two major drawbacks; namely, they tend to either focus solely on performance or importance (see, for example, Ortinau, Anderson, and Klippel 1987; Shipp, Lamb, and Mokwa 1993) While these are both clearly vital areas of analysis, consumers of these research results have reported difficulty in converting findings expressed in terms of such things as "coefficients of determination" and "latitudes of acceptance" into practical courses of action (Martilla and James 1977). The use of Importance-Performance Analysis can help to avoid these potential problem areas and demystify the results in such a way that decision-makers may use them for developing specific action steps for their organizations.

Descriptions of the methodology involved in the use of Importance-Performance Analysis are well documented (Bacon 2003). Briefly, it consists of measuring the IMPORTANCE and the PERFORMANCE of a stimulus on its salient dimensions and then creating a graphical display of the results on a two dimensional (i.e., 2x2) "action grid," an example of which is reproduced in **Figure One**. This graph serves two important purposes. First, it obviously offers an easily-interpreted visual display of the results of the analysis. Secondly, and perhaps more importantly, it also provides a basis for strategy formulation.

Reference to **Figure One** shows that the upper half of the matrix is representative of stimulus dimensions which are perceived as more important by the subjects, while the bottom half are those dimensions which are considered less important. The right-hand side of the matrix contains attributes for which performance is perceived to be positive. Specifically, attributes in the upper right quadrant are those where importance and performance are perceived to be high and, of course, should be maintained. The left-side of the matrix presents those attributes for which performance is perceived as being less positive. Strategically, the upper left quadrant presents the most challenging aspect for the organization in that it represents attributes which respondents consider important, but perceive performance to be below average. Obviously, this would suggest areas for future focused efforts.

Figure One
Importance-Performance Grid

HIGH Importance	A. Concentrate Here	B. Keep Up the Good Work
LOW Importance	C. Low Priority	D. Possible Overkill
	LOW Performance	HIGH Performance

Whenever a graphical representation of research results is used, it is always helpful if the resulting graph tells a story that can be easily interpreted. In order to enhance the ability of the graph associated with Importance-Performance Analysis to tell the most meaningful story, we have followed conventional methodology which suggests that the axes be positioned in such a way that they intersect at their midpoints (Hawes and Rao 1985). This allows for the drawing of a 45-degree line through the B and C quadrants which represents an iso-rating diagonal. When presented in this manner, all attributes which plot *above* the line have an importance rating which exceeds performance and might be called a "market opportunity." Conversely, those which plot *below* the line represent "satiated needs."

When interpreted this way, strategic directions become fairly straightforward, even if strategies themselves do not. As an example, it is possible that the organization in question is devoting too many resources toward attributes which are satiated; e.g., something which respondents find fairly unimportant at which the institution appears to excel. In much the same way as the standard BCG Growth Share Matrix suggests strategic directions for both Cash Cow and Dog items in the organization's product portfolio (see, for example, Haspeslagh 1982), resources should be redirected toward the attributes perceived as more important. While this is a fairly simple and perhaps even obvious conclusion, care needs to be exercised here in the sense that regardless of how certain attributes are perceived, simply ignoring them in favor of others is a potentially perilous course of action. In other words, no matter how informative the story told by this analysis tool is, knee-jerk strategic reactions are, as they probably always are, ill-advised.

Importance-Performance Analysis has been used to evaluate outcomes in a variety of industries. For example, it has been applied in positioning restaurants (Keyt, Yavas, and Riecken 1994), business school education delivery (Ford, Joseph, and Joseph 1999), membership offerings of a professional association (Johns 2001), perceptions of bank services (Matzler, Sauerwein, and Heischmidt 2003), evaluating e-business effectiveness (Levenburg and Magal 2005), and analyzing components of highway transportation services in Taiwan (Huang, Wu, and Hsu 2006). Clearly, this method is widely used and robust. Further, software programs that utilize either means or top-box percentages to create quadrant charts, biplots, correspondence maps, and multi-dimensional scaling maps have been developed to explore importance-performance relationships (Cantrall 2006).

Deja Vu for You?

If you are part of an AACSB accredited Business School, you may have seen a version of this tool used previously. Many Business Schools use the services of Educational Benchmarking (EBI) to monitor student perceptions and attitudes. By administering an exit examination to graduating seniors, participating institutions monitor student satisfaction with their undergraduate experience. Areas of strength are noted while areas for improvement are identified.

As part of its reporting, EBI provides schools a Priority Index, a 2x2 matrix presenting the interaction of two variables: (1) Predictor of Overall Program Effectiveness (Importance) and (2) Relative Performance by Institution (i.e., what the students say about your performance). This measurement method flows from Importance-Performance Analysis. By assessing both importance and performance for the same dimension, researchers can assess whether decision-makers are focusing their efforts on those items of greatest importance. To put it another way, are decision-makers "Walking their Talk?"

IMPORTANCE-PERFORMANCE ANALYSIS AND SERVICE-LEARNING PROJECTS

You likely have many organizations in your community that could benefit from an analysis of their actions to date. They need to continually monitor their performance to determine:

- Are we doing the right things?
- Are we doing the right things well?

This is particularly true for not-for-profit organizations. Member-driven organizations such as Arts Supporters, Youth Sports Associations, and even some Churches can benefit from asking their members such questions:

- **Importance** – Are we doing the right things?
- **Performance** – Are we doing the right things well?

We find many opportunities to serve important stakeholders in our community by providing such support for their leadership. And, we've been able to incorporate such research projects into our undergraduate courses. When doing so, the following end-states are realized:

- We provide an active learning experience for our students.
- We provide value-added services to our community partners.
- We fulfill our public service obligation to our community.

You may seek similar outcomes at your institution. This manuscript provides some direction for you to do so.

AN EXAMPLE PROJECT FOR YOUR CONSIDERATION

In the sections that follow, we present an overview of a representative project for your consideration. The results of the study allowed leadership of our community partner to evaluate two very important questions:

- **Importance** – Are we doing the right things?
- **Performance** – Are we doing the right things well?

The results of their study are proprietary and their own. We won't violate their confidence by reporting them here. But, the methodology used (including the analysis tool, Importance-Performance Analysis) could be very useful to you.

Framing the Research Study

The Executive Director of a Community Arts and Cultural Council sought assistance to establish a baseline of member perceptions of the organization's work to guide current strategic planning efforts. Stephen Covey, author of the widely-read *Seven Habits of Highly Effective People*, encourages us to "begin with an end in mind." In essence, select a desired end-state and channel your efforts to get there. Unfortunately, many organizations lack an accurate and clear understanding of their existing position before selecting their desired position (i.e., their end-in-mind). The purpose of our work was to help them establish their present position. Background information on our community partner is presented in **Figure Two**.

Figure Two
Research Partner Profile

Cultural Council

Mission

The Cultural Council is a nonprofit 501(c)(3) organization devoted to acting as a catalyst and partner with the County's arts and cultural organizations to expand their audiences.

Overview

"Our County has a richness of arts and cultural institutions. The Council will be a catalyst and partner to help coordinate, promote and market their wonderful assets - for the joy of both local residents and tourists. Our activities include sponsoring Artists Residencies in local schools, funding youth music scholarships as part of the Community Youth Arts program, offering emerging artists the opportunity to display their work in our gallery, developing and maintaining a Portal for Arts/Cultural Events on our Web site, and generally working to create events for audiences and create audiences for the arts and culture."

Executive Director

Developing a Survey Instrument

The Executive Director developed a list of 15 critical outcomes sought by the Cultural Council. Our role was to see if, in fact, they were “walking their talk.”

- **Importance** – Are we doing the right things?
- **Performance** – Are we doing the right things well?

Scales were developed to measure IMPORTANCE and PERFORMANCE for each of the 15 critical outcomes sought. Survey directions and scales are provided below.

“Below is a list of outcomes we seek to achieve as your Cultural Council. Please tell us the RELATIVE LEVEL OF IMPORTANCE of each outcome, in your opinion, to our mission. Next, please tell us your RELATIVE LEVEL OF SATISFACTION with our efforts to achieve each outcome to date.”

Importance	Performance
<p>How <u>Important</u> Should Each Outcome be to the Cultural Council?</p> <p>1 = Not Important at All 2 = Not That Important 3 = Neutral 4 = Somewhat Important 5 = Very Important</p>	<p>How <u>Satisfied</u> Are You With Our Current <u>Efforts</u> to Achieve Each Outcome?</p> <p>1 = Very Dissatisfied 2 = Dissatisfied 3 = Neutral 4 = Satisfied 5 = Very Satisfied</p>

1. Sponsoring Arts education in local schools
2. Providing Arts education for adults
3. Providing youth music scholarships (Youth Arts program)
4. Providing artists the opportunity to display their work in our gallery
5. Delivering musical events for our communities
6. Delivering theatrical events for our communities
7. Working to create audiences for our Arts and cultural events
8. Providing broad-based cultural festivals for our communities
9. Providing grants to area Arts-related organizations
10. Maintaining our website for communicating about Arts & Cultural events in our community
11. Providing merchandise for sale to support the Arts
12. Providing merchandise for sale to show Cultural Council membership and support
13. Providing business and organizational education to support artists and arts-related businesses
14. Soliciting financial support for Arts programs from interested INDIVIDUALS
15. Soliciting financial support for Arts programs from interested ORGANIZATIONS

Data Collection

For this study, the sampling group consisted of arts supporters who voluntarily pay membership fees to support the Arts in their community. Further, artists who receive financial and promotional support (as well as exhibit space) from the organization were also included. Data collection was done via an online survey developed using VOVICI software. The Executive Director of the Cultural Council developed a cover letter and emailed the letter to the sample group with a link to the survey embedded. Respondents linked directly to the survey. Data input occurred as respondents responded.

Data Presentation

Data tables (means and standard deviations) were prepared and distributed to the Executive Director to allow for easy dissemination to the Board of Directors and other interested parties. These mean values were also graphed in the 2x2 Importance-Performance grid (referenced earlier) with four quadrants:

1. **Concentrate Here** – High Importance, Low Performance
2. **Keep Up the Good Work** - High Importance, High Performance
3. **Low Priority** – Low Importance, Low Performance
4. **Possible Overkill** - Low Importance, High Performance

The results of the study are proprietary. We will not violate the trust of our partner. We can tell you they were encouraged to 'keep up the good work!'

WORKING WITH YOUR COMMUNITY PARTNERS

The research effort outlined here represents a mission-driven effort to combine the teaching, research, and service efforts of faculty colleagues. A synergy can be created by leveraging our efforts accordingly. The project outlined here achieved the following mission-driven outcomes for this author team:

- We enhanced student learning by embracing active learning.
- We used technology (online survey software) to facilitate data collection and provided an active learning experience.
- We collected input from important stakeholders (professionals in the Arts and Cultural community) and allowed our students to see how the constituents of such an organization evaluated its work. This process reinforced the need for accountability of professionals for mission-driven results to their constituents.
- We provided a value-added public service to an important community partner.

Finally, the inclusion of this study in the annual meeting of Southeast INFORMS allows the authors to make a contribution to our portfolio of intellectual contributions. We conducted applied research for a community partner and now we bring forward applied pedagogical-oriented scholarship for your consideration. We "walked our talk" as academicians by helping a community partner "walk their talk." We invite you to do the same with a partner organization in your community.

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